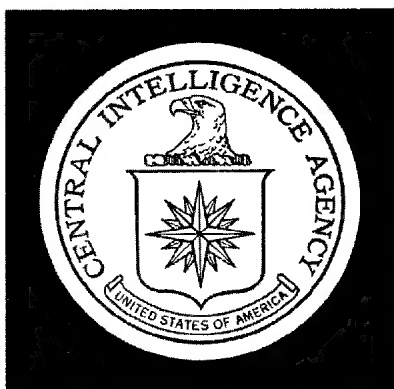


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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

The Situation in Vietnam

State Department review completed

ARMY review(s) completed.

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Information as of 1600
11 May 1967

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HIGHLIGHTS

There are continuing indications of impending large-scale Communist attacks against allied positions in northern Quang Tri Province. Premier Ky has announced his candidacy for South Vietnam's presidential election to his cabinet and may make this decision public on 12 May.

I. The Military Situation in South Vietnam:

Nearly 120 Communists were killed during an eight-hour battle in the coastal hills of Quang Nam Province on 10 May (Paras. 1-2). There are continuing indications of impending large-scale attacks by enemy forces in northernmost Quang Tri Province (Paras. 3-9). The NVA 325th Division has been added to the official Communist order of battle in South Vietnam (Paras. 10-15).

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II. Political Developments in South Vietnam:

An official announcement of Premier Ky's presidential candidacy is imminent (Para. 1). However, Ky has apparently not yet found a vice-presidential running mate (Para. 2). A progovernment official in the Constituent Assembly has given a US Embassy official some frank comments on the upcoming presidential election (Paras. 3-4).

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III. Military Developments in North Vietnam:

At least one and possibly two North Vietnamese SAM units fired surface-to-air missiles at US aircraft near the DMZ on 10 May (Paras. 1-4).

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V. Communist Political Developments: There is nothing of significance to report.

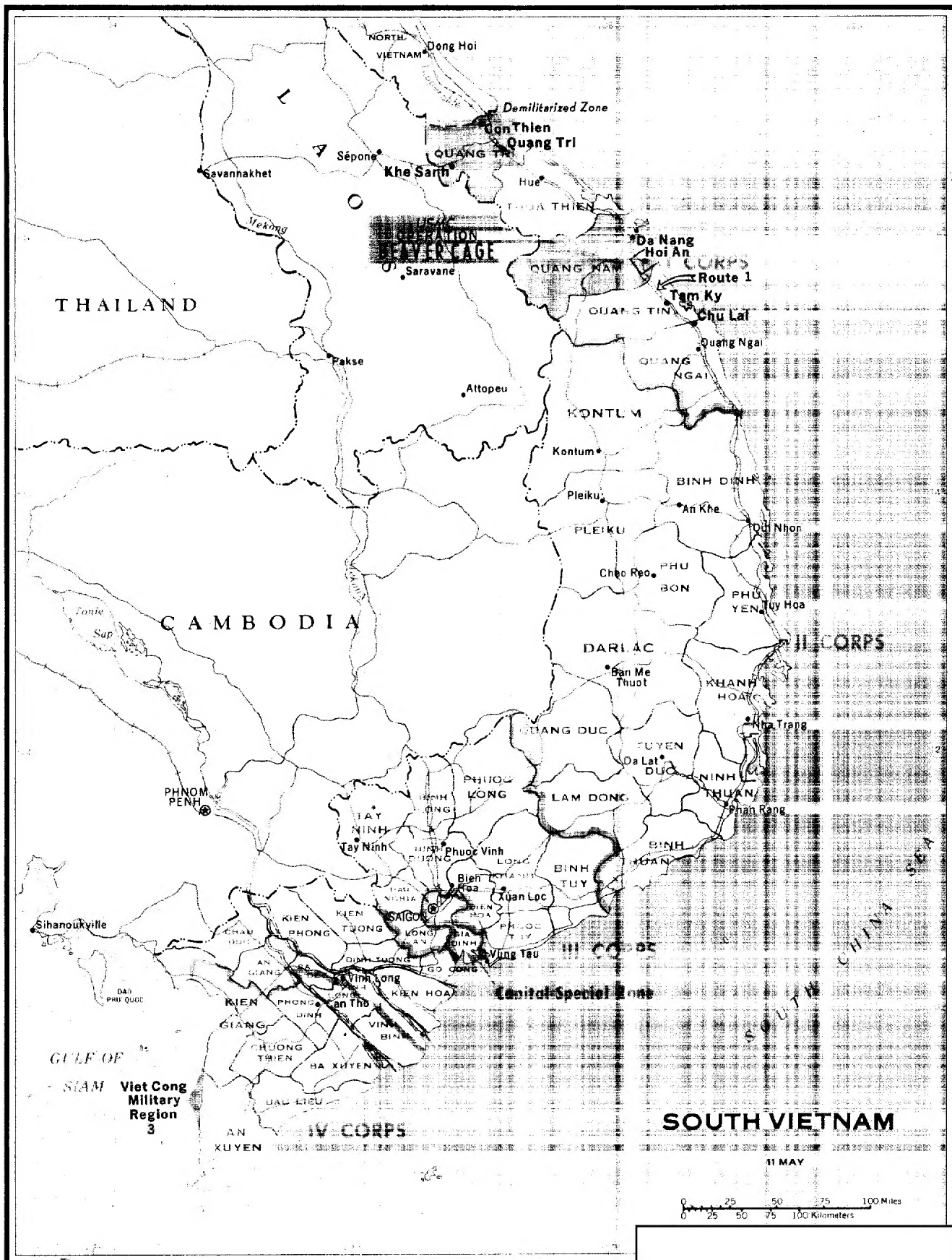
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VI. Other Major Aspects: Rice smuggling from Cambodia to the Viet Cong is continuing [redacted] (Paras. 1-2). Truck traffic on Route 110 in South Laos is reported heavy (Paras. 4-5).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. US Marines, participating in search-and-destroy Operation BEAVER CAGE, engaged an enemy force for more than eight hours on 10 May about 25 miles south of Da Nang in the coastal hills of Quang Nam Province. A company of Marines established contact shortly after noon and was later reinforced by additional troops flown in to cut off the enemy escape routes. Initial casualty reports show 19 Americans killed and 72 wounded in contrast to enemy losses of nearly 120 killed.

2. Elements of the North Vietnamese 2nd Army Division and other Communist regular forces in Quang Nam Province total approximately 2,500 men--many of them positioned in mountainous redoubts. These positions are adjacent to strategic allied supply lines between the major coastal Marine enclaves at Da Nang and Chu Lai. Vital highway bridges along Route 1 have been frequent targets of the Communists. They have also mined the highway in order to slow the flow of men and materiel northward.

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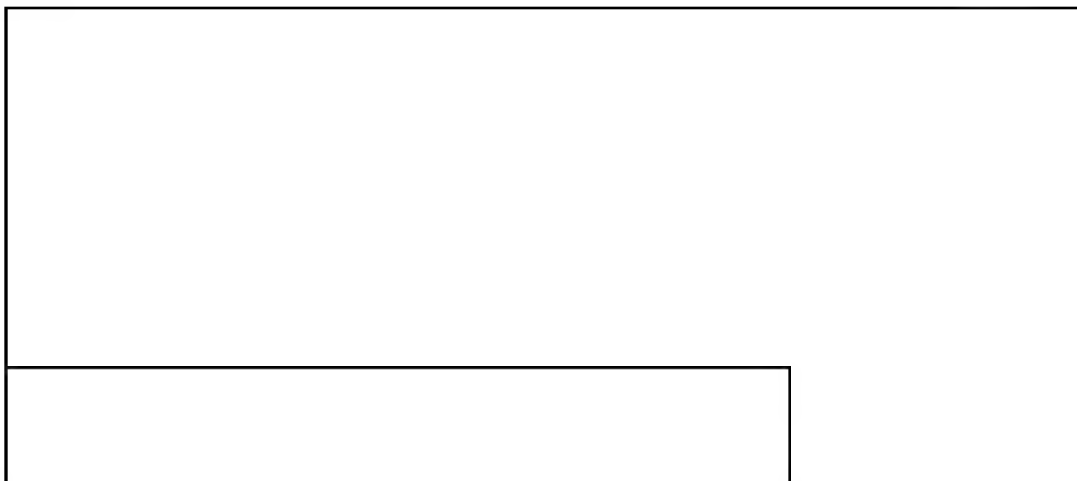
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8 May attack
on Con Thien confirm that the 4th Battalion/812
Regiment, reinforced by support companies from both
the 812th and 90th regiments, participated in the
assault. According to one captive, the objective
of the attack was to overrun the Con Thien command
post and seize and remove the artillery. Captured
documents indicated that the 4th Battalion/812
regiment received replacements from the NVA 84th
Artillery Regiment/351st Artillery Division just
prior to the attack.

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Order of Battle Changes

10. MACV has accepted the NVA 325th Division--with a strength of 5,100 men--into the possible category of the Communist order of battle in South Vietnam.

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11. Acceptance of the 325th Division and its subordinate units--including a headquarters element estimated at 450 men--is based upon the interrogation of three detainees from the 95 "C" Regiment contacted by US Marines in recent weeks near Khe Sanh. As a result of those actions the location of the 95 "C" Regiment has been fixed within Quang Tri Province. The other units of the division are all unlocated either in Quang Tri Province or in nearby areas of Laos or the DMZ.

12. The 95 "C" Regiment apparently entered the DMZ in early January 1967 and moved to the Khe Sanh area in early May. Entry dates for other elements of the division cannot be determined from information now available, but it is probable that some elements of the division were in the Khe Sanh area in March.

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13. The strength of each of the units accepted in the OB are estimated on the basis of the limited information provided by the detainees. In the case of the 95 "C" and 18 "C" regiments, strength figures have already been adjusted to reflect losses inflicted in the recent actions with US Marines.

14. One of the detainees from the 95 "C" Regiment stated that his unit and the 101 "D" Regiment had been transporting supplies into South Vietnam while the 18 "C" Regiment was performing a screening mission in the high ground near Khe Sanh. The detainee further stated that the 95 "C" Regiment was dispatched in relief of elements of the 18 "C" Regiment after the latter unit sustained severe personnel casualties in allied air and artillery strikes.

15. The acceptance of the 325th NVA Division would raise the total North Vietnamese OB strength in South Vietnam to 52,580 men. In addition, it would raise the number of North Vietnamese division headquarters in South Vietnam to seven and the number of North Vietnamese regiments there to 24.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

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[redacted] Premier Ky will soon publicly announce his presidential candidacy, perhaps on 12 May. US press reports state that Ky informed his cabinet on 11 May that he would be a candidate. An announcement by the armed forces earlier this week that it would not formally nominate a candidate served to break a long-standing impasse between Ky and Chief of State Thieu and thus removed the final obstacle to Ky's officially declaring his candidacy.

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2. Despite his impending announcement, Ky apparently has not yet firmed up the rest of his ticket. There is convincing evidence that Ky would prefer to have former premier Tran Van Huong as his vice presidential running mate. Huong, a southerner widely respected in the delta and by Catholics, would provide Ky's slate with some badly needed regional balance. It would further remove Huong as Ky's foremost opponent in the presidential race and, if Ky wins, would place Huong in a position which does not figure prominently in the future power structure. Although communications may be continuing between the two men, Huong apparently is not interested in the vice presidency, and Ky may be unwilling to offer Huong the future premiership, a position which appears to contain some degree of real power. If Huong and Ky are unable to come to terms, Ky will probably tend toward another well-known southerner, possibly his current deputy premier Nguyen Luu Vien.

3. Meanwhile, Premier Ky's supporters appear adamant in their stand on the method of electing the future president. The secretary general of the Constituent Assembly, Ngo Thanh Tung, told a US Embassy officer on 9 May that the government favors a single presidential election--rather than a stipulated necessary minimum percentage of the vote or a runoff election--for the simple reason that it prefers the military candidate for president.

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Tung, an ARVN captain who favors the military candidate, stated flatly that the chances of a civilian such as Tran Van Huong becoming president would be too good if there were a runoff.

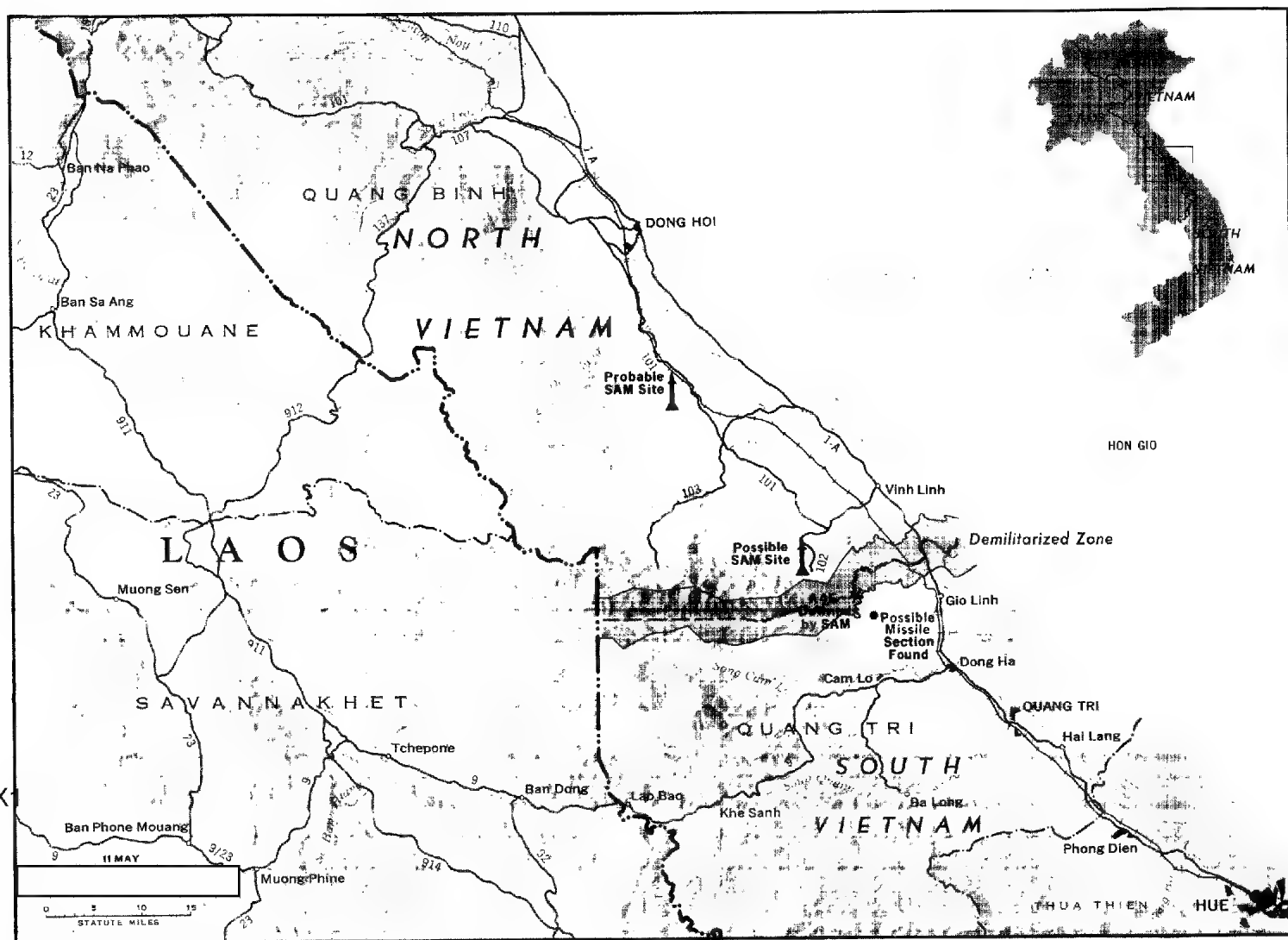
4. Tung also discounted fears in some quarters that the new president might win with only 10 or 15 percent of the vote. He stated quite frankly that province and district chiefs in outlying areas--where voters have little appreciation of national politics--would use available means to ensure that the vote favors the military candidate, thus providing a respectable mandate. The Constituent Assembly has already decided in favor of the single presidential election, but will probably reconsider this key provision before completing the entire electoral law.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. At least one and possibly two North Vietnamese SAM units fired surface-to-air missiles at US aircraft near the DMZ on 10 May and succeeded in downing one plane. DRV efforts to place SA-2 battalions in this area have been apparent since last September and indications of SAM activity have increased during 1967 in accordance with the general Communist buildup near the DMZ.

2. A USAF F-105 performing a SAM search-and-destroy mission on 10 May discovered the first site at a point approximately 17 miles north of the DMZ. An exchange of air-to-surface and surface-to-air missiles followed in which no damage was done to either the site or the F-105. Shortly thereafter a US Marine A-4 was destroyed by an SA-2 near the center of the DMZ, crashing just south of the demarcation line.

3. It is possible that the missile that destroyed the A-4 was fired from the site detected previously by the F-105, but US Marines who observed the firing from the ground reported that the SA-2 appeared to be fired from a point in or near the DMZ.

Seventh Air Force aircraft bombed a location close to the DMZ on 11 May and pilots reported sighting several secondary explosions.

4. US Marine elements operating just south of the DMZ on 11 May reported discovering what they believe to be the guidance section of an SA-2 missile. The metallic object was described as being two feet in diameter and nine feet in length, measurements

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which are consistent with those for the center portion of the SA-2 missile. Several missile launches were reported in the DMZ area on 10-11 May which did not result in an observed missile detonation. It is possible that at least one SA-2 fired during this time period failed to explode and fell into the DMZ area in relatively good condition. The presence of SA-2 debris south of the demarcation line adds credence to the reports of a second site in or near the DMZ.

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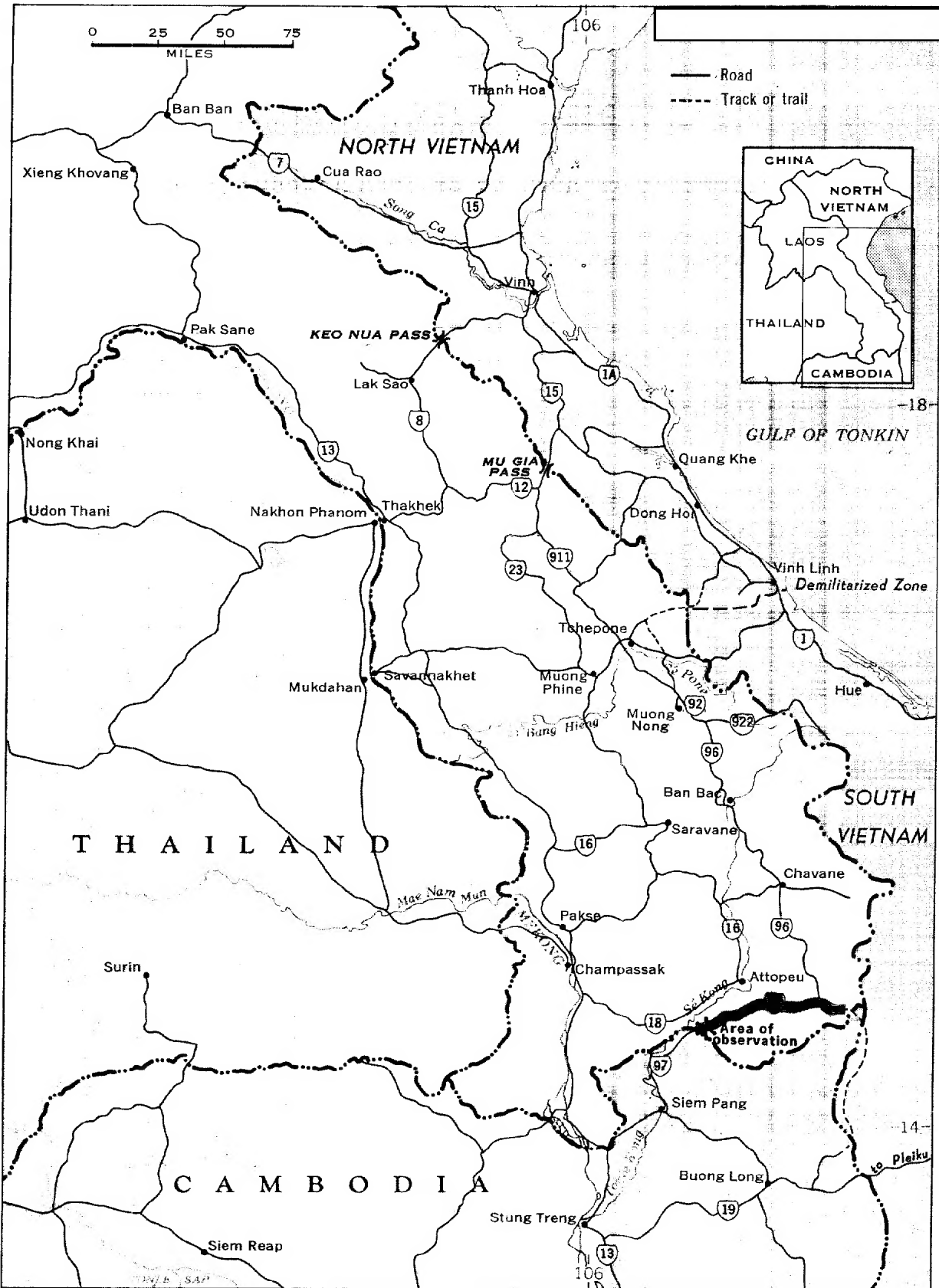
V. COMMUNIST POLITICAL DEVELOPMENTS

1. There is nothing of significance to report.

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LAOS PANHANDLE



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VI. OTHER MAJOR ASPECTS

1. Rice smuggling from Cambodia to the Viet Cong is continuing, [REDACTED]

[REDACTED] businessmen are purchasing rice directly from Chinese middlemen in western Cambodia and are selling it to the Viet Cong at the South Vietnamese border for a substantial profit.

2. To avoid detection by Cambodian border authorities--and probably expensive pay-offs--numerous routes are used to transport the rice. One of the routes [REDACTED] is in the Snuol area opposite South Vietnam's Binh Long Province, which has been identified in recent aerial photography as a probable Communist insurgent support area.

3. Smuggling along the Cambodia - South Vietnam border is traditional, and in recent years the Viet Cong have taken advantage of it to obtain rice. Phnom Penh has made an attempt to cut this illicit flow--although it made its own quasiofficial agreement to sell rice to the Communists in 1965--and has ordered Cambodian border units to check roads leading to the border. Some rice shipments have been confiscated. One of the reasons Sihanouk gave for the fall of the Lon Nol government on 30 April was the continued smuggling along the border.

Truck Traffic Through Laos

4. For the first time during the current dry season ground observers in the southern Laos panhandle have noted the movement of large truck convoys on Route 110. [REDACTED]

[REDACTED] two convoys totaling as many as 50 trucks and carrying unidentified cargo moved east on 8 May. Reports from ground observers since last October have indicated that eastbound truck traffic on Route 110 had been only two or three trucks a day.

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5. The sudden step-up in truck traffic on Route 110 is probably in anticipation of rainy weather over the next few weeks. A recent North Vietnamese defector [redacted]

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[redacted] has stated that no effort has been made to make Route 110 an all-weather road. He also indicated that sections of the road were corduroyed only to keep it open to truck traffic until June when the heavy rains begin.

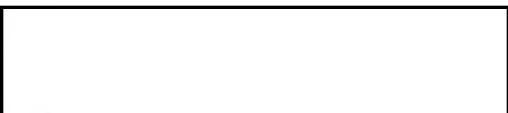
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